



Facilities Advisory Committee
Wednesday, September 21, 2016, 5:30 p.m.
Auxiliary Services Center

Minutes

Facilities Advisory Committee Members: • (in attendance)

- Ron Banner CPSD Assist. Superintendent
- Dale Brewer CPSD Operations
- Dave Bugher City of Lakewood
- Craig Cook CPSD Information Technology
- Bill Coon CPSD Capital Projects
- Moureen David CPSD Assist. Superintendent
- Joel Davis/Dennis Erwood Facilitators
- Michael Forsythe CPSD Operations
- Bruce Gardner CPSD Operations
- Todd Swain (Doreen Gavin) Engineering
- James Guerrero Architect
- James Hairston Citizen
- Choi Halladay Pierce College
- Carrie Prudente Holden Boys & Girls Club
- Ron Irwin Real Estate
- John Korsmo Construction Management/Contractor
- Brian Laubach CPSD Deputy Superintendent
- Nate Lemings Citizen
- Kristy Magyar CPSD Finance
- Charlie Maxwell Business
- Norma Melo JBLM
- Rick Ring CPSD Business Services
- Kim Prentice CPSD Community Relations
- Deb Shanafelt CPSD Planning Principal
- Lisa Stults Citizen
- Joe Vlaming CPSD Board of Directors
- Stephanie Walsh Business
- Larry Woods Citizen
- Debbie LeBeau CPSD Superintendent
- Jon Gors Guest, DA Davidson

Handouts: Michael Forsythe Powerpoint Presentation
Jon Gors Powerpoint Presentation
District Inventory Summary and Woodbrook Facility Summary
Woodbrook FCA Cost Details

District/Capital Facilities Planning Updates – Rick Ring

Rick convened the meeting at 5:40 p.m. and gave an overview of the last meeting held on June 29, 2016. Briefly, the committee formulated several scenarios addressing the condition scores and deficiencies of district facilities with an emphasis on Woodbrook MS. Those scenarios were then analyzed and reviewed for viability by a subcommittee that met on two occasions. The results of those meetings is the focus tonight.

Woodbrook MS Subcommittee Update – Michael Forsythe

Michael started by recapping the major concerns at Woodbrook including the facility is 53 years old, it currently has around \$15 million in deferred maintenance, there are zoning issues with the City of Lakewood, enrollments are declining and the buildings lack the electrical infrastructure to make improvements to the learning environment. The timeline of action on the future of Woodbrook is:

- February to June 2016: Six scenarios for short and long term solutions were developed by district staff. In June, the FAC reviewed these scenarios and expanded the list.
- July to August 2016: A sub-committee of district senior staff met twice and reviewed each scenario to determine which were feasible and which were not.
- September 21, 2016: The FAC will review the sub-committee findings and recommend whether to keep Woodbrook open or close Woodbrook.
- October to November 2016: The FAC will recommend which scenarios to move forward for further development.
- December 2016: The FAC will present their final report to the School Board.
- January to March 2017: The district will review any required boundary modifications.
- April 2017: The district will obtain approval for any required boundary modifications.

The district sub-committee has reviewed all scenarios including the additional scenarios developed by the FAC in June. The sub-committee removed several scenario options from further consideration as being not practical or not meeting the needs of the district. The removed scenarios are:

- Scenario 1 – Do nothing and operate Woodbrook ‘AS-IS.’
- Scenario 3 – Close Woodbrook and repurpose one JBLM Elementary School to JBLM Middle School.
- Scenario 5 – Close Woodbrook and rebuild Woodbrook MS in new location in Lakewood.

- Scenario 6 – Close Woodbrook and Mann; rebuild a new middle school in Lakewood.
- Scenario 7 – Close Woodbrook and re-configure all district elementary schools to K-6 and all middle schools become 7-8.
- Scenario 8 – Close Woodbrook and redistribute students between Mann/Lochburn. Rebuild Mann MS.
- Scenario 9 – Close Woodbrook and build a new specialized school in Lakewood. Redistribute remaining traditional students between Mann, Lochburn and Hudtloff.
- Scenario 10 – Close Woodbrook and re-configure all elementary schools to K-6 and all middle schools become 7-8. Rebuild Mann MS.

The remaining scenarios the district sub-committee recommends for further consideration are:

- Scenario 1a – Leave Woodbrook open and repair some systems. This was developed by the sub-committee as the only possible option for leaving the school open.
- Scenario 2 – Close Woodbrook and redistribute all displaced students to Lochburn and Mann in Lakewood. This has been expanded to:
 - Short Term Option 2A – Operate Lochburn and Mann with no plans to renovate. Any excessive enrollments would be addressed with portable classrooms.
 - Long Term Option 2B – Operate Lochburn and Mann with designed plans to renovate both schools. The source of funding for the renovations to be determined.
 - Long Term Option 2C – Operate Lochburn and Mann with designed plans to renovate Lochburn and rebuild Mann. The source of funding for the renovations and new construction to be determined.
- Scenario 4 – Close Woodbrook and re-configure all JBLM Elementary Schools to a K-6 grade structure. Re-assign remaining 6-8 displaced students to surrounding Middle Schools in Lakewood.
- Scenario 11 – Close Woodbrook and consolidate all JBLM 6th graders at one designated K-6 Elementary School on JBLM.
 - This would operate as a short term solution.
 - Long term options would be scenario options 2A or 2B.

The next steps after tonight will be for the FAC to identify which short and long term scenarios they recommend for moving forward. This will be reviewed further at the October FAC workshop meeting. Once the recommendations are adopted, a plan of action will need to be developed prior to December 2016 in order to align with the district timeline for implementing any potential boundary modifications.

After Michael's presentation, Rick Ring asked Dave Bugher from the City of Lakewood to comment on the City of Lakewood's position regarding Woodbrook MS. Dave started out by stating that any land use policy decisions are made by the City Council. It is the City's desire that the district either relocate Woodbrook MS or dispose of the property to take advantage of the current opportunities to utilize the property for other uses as outlined in the City's Comprehensive Land Use Plan as well as the City's Economic Development Plan. Several factors are in place that have an impact on the disposition of Woodbrook MS. The area surrounding Woodbrook MS including Woodbrook has been redesignated as non-conforming use which limits the district's ability to make major repairs if it continues to utilize Woodbrook MS. To remedy the situation, the district would have to request the City Council to review and revise the zoning to conforming/conditional use, which is highly unlikely. Under current "non-conforming" designation, major facility upgrades would require various permits and strict compliance requirements that would severely limit the district's ability to make facility improvements. In addition, the City has received substantial federal funding for industrial development in the Woodbrook area as well as invested a large amount of funds to improve and support the Woodbrook Industrial Area. If Woodbrook MS were to be kept open, the City would lose the federal funding and any funds received would have to be returned. The City would then try to recoup from the District the lost funding. Dave emphasized the position of the City Council with regards to Woodbrook MS were made back in 2000 resulting in the City taking the above actions. He also mentioned that the City is in the process of vacating Spring Street resulting in limited access to 146th Street.

Woodbrook MS FCA Cost Detail – Joel Davis

Joel referred to the reports that were handed out with information that details the facility conditions and deficiency costs for the various buildings at Woodbrook. The total is about \$14.28 million which breaks down to \$1.65 million for the cafeteria, \$1.95 million for the gym, \$7.56 million for the main building and \$3.12 million for the site infrastructure. Joel explained that the school is more than 50 years old and when a facility reaches that age about the only building system that typically does not need replacement is the foundation. The district has used the facility well over the years but in order to address current educational adequacies, the building and site systems would require major work and it is difficult to determine where to begin and where to stop to be cost effective. The Woodbrook facility is just beyond its useful life.

Woodbrook MS Recommendation – Dennis Erwood

Dennis clarified once again that the FAC charge is to make a recommendation to either keep Woodbrook open and make some repairs or close Woodbrook. The benefits and challenges for all the scenarios still under consideration were reviewed and then we broke out into three small groups for discussion.

Woodbrook MS – Small Group Discussions

The FAC was divided into three groups led by a district staff facilitator. The three groups were:

1. Brian Laubach/Facilitator with group members Nate Lemmings, Larry Woods, Jim Hairston and Lisa Stults.
2. Ron Banner/Facilitator with group members Bruce Gardner, Todd Sawin, Deb Shanafelt, Moureen David, Kim Prentice, Dave Bugher and Craig Cook.
3. Debbie LeBeau/Facilitator with group members Stephanie Walsh, Joe Vlaming, Ron Irwin, Bill Coon, James Guerrero and Jon Gores.

Each group discussed the pros and cons of the most viable scenarios (repair or close Woodbrook) focusing on both long term and short term remedies. After a 15-minute discussion, the groups presented their comments.

After discussion the group members placed dots on a board to indicate whether they recommended keeping Woodbrook open or closing the school. The vote was unanimous to close the school and one vote to keep Woodbrook open.

Bond Planning Overview – Jon Gores

Jon explained that he would be presenting information related to the district's bonding capacity and debt services. The difference between M&O levies, capital project levies, transportation levies and bonds was discussed. In general, a school bond is typically used to construct new schools or make major renovations and a levy is used to cover maintenance and operation (M&O) costs. The election results for school district bonds in Washington State for 2014, 2015 and 2016 was reviewed. A graph of bond voting patterns from 1993 to April 2016 was presented which showed a low of 15% passing in 2011 and 53% passing in 2016. In 2017, there will be four election dates in February, April, August and November. Typical voting patterns show that approximately 1/3 of voters mail in their ballots within one week of receiving them, 1/3 mail them halfway through the voting period and 1/3 wait until the end of the voting period. Later mail-in ballots are usually a high percentage of yes votes. A 60% majority vote is needed to pass a bond issue and a voter turnout equal to 40% of the ballots cast in the last general election is required to validate a bond election. For a school levy there is no validation required and a simple majority is sufficient to pass.

There are two types of school district bonds: (1) Voted – Unlimited Tax General Obligation Bonds (UTGO) that are repaid with property taxes typically over 20 years and (2) Non-voted – Limited General Obligation Bonds (LGO) that are repaid with existing revenue and cannot be used for new construction. There are also capital projects levies that only require a simple majority to pass and are collected over two to six years. CPSD currently has five outstanding UTGO bond issues that will be repaid on or before December 1, 2032.

There are four components to tax rate planning.

1. Interest Rates. Lower interest rates result in lower tax rates for bonds. Interest rates fluctuate year to year but over the last 25 years, interest rates have generally declined and rates today are at a 40 year low.
2. Bond Rating. A higher bond rating results in lower interest rates. Several elements affect bond ratings including financial performance, governmental

factors, the economy and debt factors. There are (11) bond ratings from the highest Aaa to the lowest nonrated. CPSD has a bond rating of Aa3 which is the fourth highest rating and is the most common for school districts. Only Bellevue, Lake Washington, Issaquah and Mercer Island districts have the highest Aaa rating.

3. Assessed Value. Higher property assessed values will lower a district's tax rate. The assessed value of all properties in CPSD over the last 10 years has ranged from about \$4.4M to \$6.4M. For 2016 it was approximately \$4.9M which was a growth rate of 4.02% over last year. For planning purposes, the growth rate is assumed to be 1.50% for years 2017 to 2040. New assessed values for the district will be reported in a couple of weeks.
4. Bond Structure. State law gives districts flexibility in determining bond structures. Optional goals are a Level Debt, Level Tax Rate or Stepped Level Tax Rate. A Level Debt results in level annual payments for the life of the bonds. A Level Tax Rate attempts to result in a level annual tax rate over the life of the bonds. A Stepped Level Tax Rate allows for the issuance of future bonds.

Based on a number of factors the current bonding capacity of the district is around \$90 million. Several possible tax impact analysis scenarios were reviewed using a \$90 million bond amount if passed in February 2018 with one, two or three bond sales. The district's bond tax rate over the last 10 years has ranged from \$0.37 in 2006 to \$1.40 in 2016 per \$1,000 assessed value. The various scenarios showed the bond tax rate increasing up to a high of \$2.81 in 2030 with one bond sale and \$2.77 in 2030 with three bond sales. A district must spend 85% of bond monies within three years of the bond sale so the spending cash flow for bond projects also needs to be considered when structuring a bond program. All these scenarios are preliminary only and are subject to further review and consideration.

A list of 17 school districts in Pierce County was presented showing the 2016 bond tax rates and M&O tax rates for each district. Only four districts had a combined bond and M&O tax rate lower than CPSD.

Wrap-up / Next Steps / Q&A – Rick Ring

It was getting late so the last two presentations on the agenda were not presented. These were an update by Joel Davis on the FCA Educational Adequacy Prioritization and a review by Bill Coon of the Special Facilities Studies being conducted by four architectural firms for nine schools. The slides for these presentations were included in the handouts so FAC members can review this information and ask any questions at the next FAC workshop which will be on October 12, 2016. The meeting was adjourned at 7:30 p.m.